

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 FEA-01 ERDA-05 AID-05 CEA-01 CIAE-00

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FM AMEMBASSY OSLO

TO SECSTATE WASHDC 9396

INFO AMEMBASSY BONN

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AMEMBASSY COPENHAGEN

AMEMBASSY THE HAGUE

AMEMBASSY LONDON

AMEMBASSY OTTAWA

USMISSION NATO

AMEMBASSY PARIS

USOECD PARIS

AMEMBASSY STOCKHOLM

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E.O. 11652: N/A

TAGS: ENRG, NO

SUBJ: NORWEGIAN OIL TAX

REF: OSLO 0702

1. AMERICAN OIL COMPANIES IN NORWAY ADVISE THAT THEIR ANALYSES OF THE NEW TAX PROPOSAL INDICATE THAT THEY ARE SOMEWHAT TOUGHER THAN PRT OIL TAXES RECENTLY ANNOUNCED BY BRITISH. ALTHOUGH IT IS DIFFICULT TO ASSESS ACCURATELY THE INCIDENT OF THE TAX PROPOSALS BECAUSE OF UNCERTAINTIES REGARDING FUTURE COSTS AND PRICES, THE COMPANIES BELIEVE THE OVERALL INCIDENCE OF THE

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NORWEGIAN TAXES WILL BE SOMEWHAT HIGHER THAN THAT OF THE BRITISH

TAXES. IN ADDITION, THEY CONSIDER THAT THE NORWEGIAN GOVERNMENT'S ABILITY TO ALTER THE PROPOSED 25 PERCENT SPECIAL TAX RATE CREATES GREATER UNCERTAINTIES THAN UNDER THE BRITISH TAX PROPOSALS.

2. THE DEADLINE FOR ACCEPTANCE OR REJECTION OF THE FIVE NEW CONCESSIONS GIVEMOUT LATE LAST YEAR HAS BEEN EXTENDED UNTIL 1600 HOURS MONDAY, MARCH 17. THIS EXTENSION WAS MADE TO ALLOW COMPANIES TO STUDY THE IMPACT OF THE NEW TAX PROPOSALS FURTHER. IT WAS MADE CLEAR THAT NO FURTHER EXTENSIONS WILL BE ALLOWED.

3. SINCE PARLIAMENT WILL NOT HAVE COMPLETED ITS CONSIDERATION OF THE TAX PROPOSALS BY MARCH 17, THE EXTENSION DID NOT ELIMINATE THE PROBLEM FACING COMPANIES OF HAVING TO MAKE UP THEIR MINDS BEFORE THE FINAL TERMS OF THE NEW TAX PROPOSALS ARE KNOWN. HOWEVER, MOST COMPANIES BELIEVE THAT PARLIAMENT IS UNLIKELY TO MAKE SIGNIFICANT CHANGES IN THE PROPOSAL. AT THE SAME TIME ALL COMPANIES ARE PLANNING TO PROVIDE THE FINANCE COMMITTEE OF PARLIAMENT WITH THEIR VIEWS ON THE PROPOSAL. IF THEY CAN DEMONSTRATE THAT THE NORWEGIAN PROPOSALS ARE SIGNIFICANTLY HARSHER THAN THE BRITISH PROPOSAL, THAT THEY WILL CREATE UNDUE HARDSHIPS, OR WILL APPRECIABLY SLOW DOWN NORWEGIAN OIL DEVELOPMENT STILL FURTHER, MODIFICATION IS POSSIBLE.
BYRNE

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Message Attributes

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